8.7

Monday, August 07, 2017

For trading, always cut to comfortable positioning that has no element of emotions in it.

Focus on pm only in weak markets.

Focus on index and hedge am with futs.

Trading positioning should not seriously harm utility.

Some analysis:

Low close on Friday is not compensated the next Monday.

So buying on a Friday low is not a good strategy which means it is not followed in the long term, there is no compensation.

Low rebound on Friday means there should not be any buying on Thursday lows.

This is completely in contract with tues pm, there is tues and weds which both offer good return potential. Therefore market strength is explained by this.

That's why Thursday crash is sometimes continued by fri crash.

Actual ptf change is down to 470k.

The following describes the pnl.

First, this means that Monday should not carry big position as mtm is very negative.

Monday you should trade at the close mainly to minimize trade pnl.

Tuesday has both very good mtm.

Wed follows suit. Thurs and Friday you almost make no money in total. You should have leverage on for Tuesday and ignore mon, thurs and fri.

Observe the following mtm and trading patterns:



1. Monday’s low mtm means no buying on Fri.
2. Tuesday never sell before the close. Can buy aggressive.
3. Wednesday never sell before the close. Buying yields not much.
4. Thurs control pos, no buy no sell.
5. Friday no much advantage.
6. For Tues-Fri, sell at the close if you want to sell.
7. Buy Monday close, tues, wed.



**周1买入，当天亏钱，周二赚钱。（总体+17万）(should buy at close)**

**周2买入，当天赚钱，周三赚钱。（总体+13万）（should buy）**

周3买入，当天平，周四不赚钱。（总体+2万） (should not trade aggressively)

周4买入，当天亏钱，周五不赚钱。（总体-5千） (should not buy)

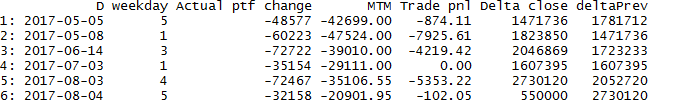
周5买入，当天赚钱，周一亏钱。（总体-3万） (should not buy)

1348：

Selling pressure is not much here. Vol is reduced. Can pick up some pos tomorrow and hold until wed. Once selling pressure is reduced.

走的很稳。Selling pressure reduced at a regional low.

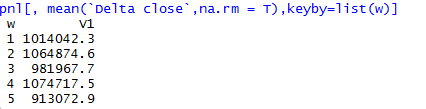
After close:



1. Examining the crash lower than -30k. First is fri-mon continuation of 雄安 stocks. Previous delta was a whopping 1.8m at the end of thurs.
2. 6/14 was a big cap melt down, a mid week crash is not very common. This doesn’t have too much insight for future trading.
3. 7/3 weekend exposure is too big.
4. 8/3 8/4 was big caps crash, mon opened with panic. The closing delta on thurs was appalling at 2.7m. Playing with leverage through a thurs-Fri-mon crash is nightmarish. Even thurs delta is too big at full position, should cut throughout the day.
5. Another observable trait is MTM is bad which is a result of previous day delta accumulation.

Avoid the first meltdown is key. Do not accumulate at regional highs. Do not accumulate on Thurs/Fri.

Delta:



Apparently Friday is overemphasized in the trading mentality. It shouldn’t be. Fri hurt twice already and mon is not suitable for carrying big position through. You tend to overbuy on thurs and cut on fri due to fear of the weekend, then buying on thurs is already a big mistake. (if fri turns bad the negative consequences create negative externality and once fri drops your action set is concave (dropping, gotta cut loss at the lows to avoid Monday crash))